



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-3010



06026872

March 3, 2006

RECD S.E.C.

MAR 8 2006

1086

Katherine A. Smith  
Assistant Counsel  
Allstate Insurance Company  
2775 Sanders Road, A-3  
Northbrook, IL 60062

Re: The Allstate Corporation  
Incoming letter dated January 5, 2006

Act: 1934  
Section: \_\_\_\_\_  
Rule: 14A-8  
Public  
Availability: 3/3/2006

Dear Ms. Smith

This is in response to your letter dated January 5, 2006 concerning the shareholder proposal submitted to The Allstate Corporation by Emil Rossi. We also have received a letter on the proponent's behalf dated January 8, 2006. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Eric Finseth  
Attorney-Adviser

✓  
PROCESSED  
MAR 15 2006  
THOMSON  
FINANCIAL

Enclosures

cc: John Chevedden  
2215 Nelson Avenue, No. 205  
Redondo Beach, CA 90278

899051



**Katherine A. Smith**  
Assistant Counsel

Corporate Governance  
and Business  
Transactions

**Securities Exchange Act of 1934 - Rules 14a-8(i)(3) and 14a-9**

January 5, 2006

BY DHL EXPRESS

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, DC 20549

RECEIVED  
2006 JAN -6 AM 11:10  
OFFICE OF CHIEF COUNSEL  
DIVISION OF CORPORATION FINANCE

Re: Stockholder Proposal submitted by John Chevedden for Emil Rossi for inclusion in The Allstate Corporation's 2006 Proxy Statement

Ladies and Gentlemen:

The Allstate Corporation requests that you not recommend any enforcement action if Allstate excludes from its proxy materials for its annual meeting in 2006 the stockholder proposal submitted by Mr. Emil Rossi who is represented by Mr. John Chevedden.

The proposal requests the Allstate Board of Directors "take each step necessary for a simple majority vote to apply on each issue that can be subject to shareholder vote to the greatest extent possible." (the "Proposal").

In accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, Allstate is filing this letter with you no later than 80 calendar days before March 27, 2006 the day on which Allstate currently expects to file its definitive proxy statement and form of proxy with the SEC.

Also in accordance with Rule 14a-8(j), enclosed are six copies of the following:

1. This letter addressed to the Division of Corporation Finance;
2. Mr. Rossi's letter of October 5, 2005 with his Proposal (Exhibit A);
3. My letter of October 18, 2005 to Mr. Chevedden requesting eligibility information and a textual change to the proposal (Exhibit B);
4. Letter from Morgan Stanley, dated October 14, 2005 evidencing Mr. Rossi's ownership of Allstate securities (Exhibit C)
5. Mr. Chevedden's e-mail to me of October 19, 2005 (Exhibit D)
6. Print-offs of website pages referred to in the Proposal (Exhibit E)

**Allstate Insurance Company**

2775 Sanders Road, A-3 Northbrook, IL 60062 Phone 847.402.2343 Fax 847.326.1524 Email ksmith1@allstate.com

### **Reasons for Omission**

Allstate believes it is entitled to omit the Proposal from its proxy statement under Rule 14a-8(i)(3) because it contains materially false and misleading statements in contravention of Rule 14a-9.

### **The Proposal Violates Proxy Rules 14a-8(i)(3) and 14a-9**

Rule 14a-8(i)(3) provides that a proposal may be omitted from proxy material if it, or its supporting statement is contrary to any of the proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements to be made in proxy soliciting materials. Staff Legal Bulletin No. 14 (July 13, 2001) states that companies may exclude a website address under Rule 14a-8(i)(3) if the information contained on the website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules.

#### **Information on Websites Cannot be Monitored for Accuracy and Therefore May Lead to False, Misleading or Otherwise Irrelevant Information in Violation of Rule 14a-9**

Website material, by its nature, is subject to change at any time and cannot be regulated for content by the proponent or by Allstate. As such, websites may contain materially false, misleading and irrelevant information. The SEC has previously agreed that inclusion of third-party websites may undermine the proxy process requirements of Rule 14a-8 which may allow the SEC's rules relating to proxy statements to be circumvented. *See*, The Emerging Germany Fund, Inc. (December 22, 1998) (acknowledging website reference circumvents proxy rules); Templeton Dragon Fund, Inc. (June 15, 1998) (inclusion of website reference subverts the proxy process as information posted may be altered); Pinnacle West Capital Corporation (March 11, 1998) (no way to verify accuracy of information posted). Such circumvention could easily give rise to the propagation of false and misleading information that could lead to confusion by shareholders and members of the public who will access Allstate's filed proxy materials electronically and may not appreciate the fact that the information accessed through these websites is not Allstate-generated and/or sanctioned information.

#### **Historical SEC Position Regarding Website References Supports Omission**

The SEC has historically indicated that websites references may be omitted from supporting statements on the basis that such sites may contain materially false or misleading information. *See*, Allegheny Energy, Inc. (March 20, 2002) (deleting reference to [www.cii.org](http://www.cii.org) in supporting statement submitted by representative, John Chevedden); Sabre Holdings Corporation (March 18, 2002) (deleting reference to [www.cii.org](http://www.cii.org) in supporting statement of Mr. Chevedden); Raytheon Company (March 13, 2002) (deleting reference to "& [www.cii.org](http://www.cii.org) in supporting statement of Mr. Chevedden); AMR Corporation (April 3, 2001) (deleting reference to [www.cii.org](http://www.cii.org) in supporting statement submitted by Mr. Chevedden).

Additionally, the Division directed Mr. Chevedden to remove the reference to the Council of Institutional Investors website, [www.cii.org](http://www.cii.org) from the proposal he submitted to Allstate for its 2002 annual shareholder meeting. *See* The Allstate Corporation (dated February 18, 2003). And again in January 2003, the Division directed Mr. Chevedden to revise the same website reference to provide a citation to a specific source *See* The Allstate Corporation (dated January 24, 2003).

Despite these numerous instances of clear direction from the Division to Mr. Chevedden, he has once again included the website reference, [www.cii.org](http://www.cii.org) in the Proposal. Including this website reference will give the false and misleading impression that CII has taken a position with respect to Allstate as opposed to its general position favoring simple majority voting. Presented as such, it is false and misleading. *See*, The Home Depot (dated February 25, 2004) and FirstEnergy Corp. (February 13, 2004) (both letters directing Mr. Chevedden to make clear that the Council of Institutional Investors recommendation relates to proposals generally and revise the reference to [www.cii.org](http://www.cii.org) to provide a citation to a specific source for the discussion referenced); Sabre Holdings Corporation (dated March 20, 2003)(directing Mr. Chevedden to provide a citation to a specific source for the discussion referenced); Monsanto Company (November 26, 2003)(directing Mr. Chevedden to revise the references to CII make clear that the statements reflect the organizations' general recommendation as to shareholder approval of poison pills only and not to the proposal submitted).

#### Examples of Materially False, Misleading or Irrelevant Information Available Through Website Reference

The reference to [www.cii.org](http://www.cii.org) links the reader to the home page of the Council of Institutional Investors (CII), an organization of pension funds, whose site addresses various investment issues that can affect plan assets. As such, the home page contains links to information about CII's policies on numerous topics from shareholder meeting rights to executive and non-employee director compensation and pension fund issues.

Attached as Exhibit E are print-offs of the various subjects accessible from the home page of The Council of Institutional Investors. These examples of the information available from the home page form the basis for excluding this website URL as containing materially false and misleading and irrelevant material not related to the subject matter of shareholder rights agreements, and may therefore lead to shareholder confusion.

#### Conclusion

On the basis of the foregoing, the Company submits that the inclusion of this website reference in the Proposal renders it excludable under Rule 14a-9 as containing materially false and misleading statements and statements that are irrelevant to the subject matter of the Proposal.

U. S. Securities and Exchange Commission  
January 5, 2006  
Page 4


Allstate respectfully requests your confirmation that the Division of Corporation Finance will not recommend to the Commission any action if Allstate omits the Proposal from its proxy materials for its annual meeting in 2006 for the reasons set forth above.

We would appreciate receiving your response by February 10, 2006, so that we can meet our timetable for preparing our proxy materials and complying with Rule 14a-8(m). We would also appreciate receiving your response via facsimile transmittal to my attention at (847) 326-7524. We will promptly forward to Mr. Chevedden any response received from the Division to this no-action request that is transmitted to Allstate only.

If you have any questions with respect to this letter, please contact me at the number listed below.

Please acknowledge receipt of this letter by stamping and returning the enclosed copy and returning it in the enclosed self-addressed stamped envelope.

Very truly yours,




Katherine A. Smith

Enclosures

Copy to: John Chevedden  
Emil Rossi

## Exhibit A



Emil Rossi

P.O. Box 249  
Boonville, CA 95415

Mr. Edward M. Liddy  
Chairman  
Allstate Corporation (ALL)  
2775 Sanders Rd  
Northbrook IL 60062

Dear Mr. Liddy,

This Rule 14a-8 proposal is respectfully submitted for the 2006 annual shareholder meeting to support the long-term performance of our company. Rule 14a-8 requirements are intended to be met including ownership of the required stock value until after the date of the applicable shareholder meeting. This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

This is the proxy for Mr. John Chevedden and/or his designee to act on my behalf in shareholder matters, including this shareholder proposal for the forthcoming shareholder meeting before, during and after the forthcoming shareholder meeting. Please direct all future communication to Mr. John Chevedden at:

PH: 310-371-7872  
2215 Nelson Ave., No. 205  
Redondo Beach, CA 90278

Your consideration and the consideration of the Board of Directors is appreciated.

Sincerely,

Emil Rossi

Oct 5 - 05

cc: Robert W. Pike  
Corporate Secretary  
PH: 847 402-5000  
FX: 847 402-7519  
FX: 847-402-2351  
FX: 817-326-9722

[October 9, 2005]

**3 – Adopt Simple Majority Vote**

**RESOLVED:** Shareholders recommend that our Board of Directors take each step necessary for a simple majority vote to apply on each issue that can be subject to shareholder vote to the greatest extent possible.

Emil Rossi, P.O. Box 249, Boonville, Calif. 95415 submitted this proposal.

**75% yes-vote**

This topic won a 75% yes-vote average at 7 major companies in 2004. The Council of Institutional Investors [www.cii.org](http://www.cii.org) formally recommends adoption of this proposal topic.

**End Potential Frustration of the Shareholder Majority**

Our current rule allows a small minority to frustrate the will of our shareholder majority. For example, in requiring an 67% vote to amend our company's bylaws, if 66% vote yes and only 1% vote no — only 1% could force their will on the overwhelming 66% majority.

This proposal does not address a majority vote standard in director elections which is gaining increased support as a separate topic.

**Progress Begins with One Step**

It is important to take a step forward in corporate governance and adopt the above RESOLVED statement since our 2005 governance standards were far from impeccable. For instance in 2005 it was reported (and certain corresponding concerns are noted):

- The Corporate Library (TCL), an independent investment research firm in Portland, Maine rated our company:

“D” in Overall Board Effectiveness.

“D” in CEO Compensation – \$26 million

“D” in Shareholder responsiveness

“F” in Accounting

Overall Governance Risk Assessment = High

- We had no Independent Chairman or Lead Director – Independent oversight concern.
- A 67% shareholder vote was required to make certain key changes – Entrenchment concern.
- Cumulative voting was not permitted.
- Poison pill: In response to a 2003 shareholder proposal, Allstate adopted a policy requiring poison pill shareholder approval, but allowing the board to override the policy and adopt a pill without shareholder approval. According to The Corporate Library, this “override” provision undermines the shareholder approval requirement.

Additionally:

- Our complete Board met only 6-times in a full year – Commitment concern.
- Eight directors were allowed to hold from 4 to 6 director seats each – Over-extension concern.
- Four of our directors were designated “problem directors” by The Corporate Library:
  - 1) James Andress – because he chaired the committee that set executive compensation at Dade Behring Holdings, which received a CEO Compensation rating of “F” by TCL.

- 2) Edward Brennan – because he chaired the committee that set executive compensation at 3M Company which received a CEO compensation grade of “F” by TCL.
- 3) W. James Farrell – due to his membership on the board of UAL Corporation which filed for bankruptcy.
- 4) Ronald LeMay – due to the settlement of a shareholder lawsuit at Sprint Corp. where he served as director.

### **One Step Forward**

The above practices reinforce the reason to take one step forward and adopt simple majority vote.

### **Adopt Simple Majority Vote Yes on 3**

---

#### **Notes:**

The above format is the format submitted and intended for publication.

The company is requested to assign a proposal number (represented by “3” above) based on the chronological order in which proposals are submitted. The requested designation of “3” or higher number allows for ratification of auditors to be item 2.

This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including:

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

Please note that the title of the proposal is part of the argument in favor of the proposal. In the interest of clarity and to avoid confusion the title of this and each other ballot item is requested to be consistent throughout the proxy materials.

Please advise if there is any typographical question.

Stock will be held until after the annual meeting. Verification of stock ownership will be forwarded.



---

Although the following text is not part of the rule 14a-8 shareholder proposal, it further reinforces the need for improved governance:

Allstate increased the maximum annual bonus executives could earn from \$3,000,000 to \$5,500,000 and also increased the maximum LTIP award from \$3,500,000 to \$6,000,000. Compensation at the company was already signally excessive given both the relative complexity of the roles involved and the size of the company, and to increase this excess, even though it is in variable compensation, is no more justifiable than the earlier excess.

Stock options continue to include tax withholding rights and a reload feature, making them less costly and complicated to exercise for participants, but costing stockholders money and potentially increasing dilution. Allstate's change of control agreements also include target LTIP payments in the severance calculations, which not only increases the potential payment, but also awards the executive for performance in which they play no part. Along similar lines, Danny Hales, the newly-appointed Vice President and Chief Financial Officer, received an LTIP payout of \$152,934, having been an employee of Allstate of for only 1/3 of the performance period.

Allstate's stance on executive compensation deductibility is less than ideal: "Under Section 162(m) of the Internal Revenue Code, Allstate cannot deduct compensation paid in any year to certain executives in excess of \$1,000,000; however, performance-based compensation is not subject to this limit. The Committee continues to emphasize performance-based compensation for executives and this is expected to minimize the effect of Section 162(m). However, the Committee believes that its primary responsibility is to provide a compensation program that attracts, retains and rewards the executive talent that is necessary for Allstate's success. Consequently, in any year the Committee may authorize compensation in excess of \$1,000,000 that is not performance-based. The Committee recognizes that the loss of a tax deduction may be unavoidable in these circumstances."



Exhibit B

Katherine A. Smith  
Assistant Counsel

Corporate Governance

October 18, 2005

VIA DHL EXPRESS

John Chevedden  
2215 Nelson Avenue, No. 205  
Redondo Beach, CA 90278

RE: Shareholder Proposal for The Allstate Corporation 2006 Proxy Statement

Dear Mr. Chevedden:

We received Mr. Rossi's letter dated October 5, 2005 on October 10, 2005 with the shareholder proposal requesting the board take the necessary steps to implement a simple majority vote standard on each issue subject to shareholder approval "to the greatest extent possible". The following information and changes are requested.

1. Eligibility

The Securities and Exchange Commission's rules regarding shareholder proposals include certain eligibility requirements that must be met in order for proposals to be included in a company's proxy statement.

One of those requirements, Rule 14a-8(b), states that a shareholder must provide proof of ownership of at least \$2,000 in market value or 1% of Allstate's common stock for at least one year by the date of your proposal. Our records indicate that Mr. Rossi transferred his shares of Allstate stock on March 31, 2003. SEC rule 14a-8(b)(2)(i) requires that Mr. Rossi provide a written statement from the record holder of the shares (which is usually a bank or broker) verifying that as of October 5, 2005, Mr. Rossi has continuously held the requisite amount of securities for a period of at least one year.

2. Textual Change to make proposal not false and misleading

In addition, in order to include the proposal in Allstate's 2006 proxy statement, we request that the following change be made to the text of the proposal. In the proposal, Mr. Rossi has cited to the Council of Institutional Investors website, [www.cii.org](http://www.cii.org). This same website reference was included in Mr. Rossi's proposals to us in 2002 and 2003. In connection with those proposals, you may recall that the SEC Staff stated on February 18, 2002 and on January 24, 2003 that the inclusion of this website "may be materially false or misleading under rule 14a-9".

In 2002, they directed Mr. Rossi to delete the reference from his proposal and supporting statement; and in 2003, the Staff directed that the reference be revised "to provide a specific

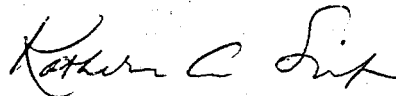
John Chevedden  
October 18, 2005  
page 2

source for the discussion referenced." For your reference, I have enclosed copies of the SEC Staff's advice on these prior occasions.

Accordingly, it is requested that you either revise the reference to [www.cii.org](http://www.cii.org) to provide a specific reference for the statements contained in the proposal or simply delete the Council of Institutional Investors URL website.

Under SEC Rule 14a-8(f), your proof of ownership must be provided to us no later than 14 days from the date you receive this letter. Please direct your response to my attention. If you should have any questions, please contact me at the numbers listed on the previous page.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Katherine A. Smith".

Katherine A. Smith

Enclosures

Copy to: E. Rossi

February 18, 2002

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: Allstate Corporation  
Incoming letter dated December 20, 2001

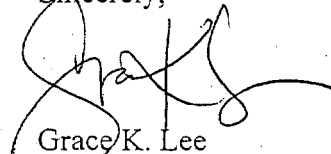
The proposal requests that the board of directors redeem any poison pills previously issued unless it is approved by Allstate shareholders.

We are unable to concur in your view that Allstate may exclude the entire proposal under rule 14a-8(i)(3). However, there appears to be some basis for your view that portions of the proposal and supporting statement may be materially false or misleading under rule 14a-9. In our view, the proponent must:

- delete "[www.cii.org](http://www.cii.org)" and "[www.thecorporatelibrary.com](http://www.thecorporatelibrary.com)";
- revise the reference to "[www.cii.org/ciicentral/policies.htm](http://www.cii.org/ciicentral/policies.htm)" to provide an accurate citation to a specific source.

Accordingly, unless the proponent provides Allstate with a proposal and supporting statement revised in this manner, within seven calendar days after receiving this letter, we will not recommend enforcement action to the Commission if Allstate omits only these portions of the supporting statement from its proxy materials in reliance on rule 14a-8(i)(3).

Sincerely,



Grace K. Lee  
Attorney-Advisor

January 24, 2003

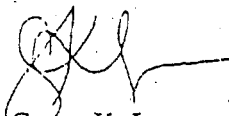
**Response of the Office of Chief Counsel  
Division of Corporation Finance**

Re: Allstate Corporation  
Incoming letter dated December 20, 2002

The proposal requests that the board of directors "redeem any poison pill previously issued (if applicable) and not adopt or extend any poison pill unless such adoption or extension has been submitted to a shareholder vote."

We are unable to concur in your view that Allstate may omit the entire proposal under rule 14a-8(i)(3). However, there appears to be some basis for your view that a portion of the supporting statement may be materially false or misleading under rule 14a-9. In our view, the proponent must revise the reference to [www.cij.org](http://www.cij.org) to provide a citation to a specific source for the discussion referenced. Accordingly, unless the proponent provides Allstate with a proposal and supporting statement revised in this manner, within seven calendar days after receiving this letter, we will not recommend enforcement action to the Commission if Allstate omits only this portion of the supporting statement from its proxy materials in reliance on rule 14a-8(i)(3).

Sincerely,



Grace K. Lee  
Special Counsel

John Chevedden  
October 18, 2005  
page 3

Blind copies to: J. Hager  
E. Lapham  
M. McCabe  
M. McGinn  
R. Pike



Exhibit C

Mark S. Christensen  
Vice President  
Financial Advisor

3558 Round Barn Blvd, #201  
Santa Rosa, CA 95403  
toll-free 800 827 2655  
direct 707 524 1070  
fax 707 524 1099

Morgan Stanley

<b>ALL</b>		Post-It Fax Note	7671	Date	10-17-05	# of pages	1
To	Katherine Smith			From	John Cheddler		
Co./Dept.				Co.			
Phone #				Phone #	310-371-7872		
Fax #	847-326-9722			Fax #			

October 14, 2005

To Whom It May Concern:

All quantities continue to be held without interruption in Emil Rossi's account as of the date of this letter.

Emil Rossi deposited the following certificates to his Morgan Stanley transfer on death account (122-080060-070) on the respective dates:

March 7, 2003

1887 shares Gencorp Inc.  
9984 shares Exxon Mobil Corp

March 21, 2003

528 shares Keyspan Corp  
5128 shares Morgan Stanley  
975 shares Burlington Northern Sante Fe Corp  
6094 shares Allstate Corp  
2780 shares Kinder Morgan Energy Ptrs. LP  
558 shares Entergy Corp New  
1732 shares Energy East Corp  
1357 shares Bank of America Corp 2 for 1 split 8-27-04, now owns 2714 shares  
1100 shares Great Northern Iron Ore

April 14, 2003

415 shares Occidental Petroleum Corp DE  
430 shares Newmont Mining Corp New  
7000 shares Mesabi Tr CBI  
150 shares Marathon Oil Co  
1000 shares PPL Corp 2 for 1 split 8/24/05, now owns 2,000 shares  
3000 shares Plum Creek Timber Co Inc REI  
1000 shares Terra Nitrogen Co LP Com Unit  
800 shares SBC Communications



On March 21, 2000, Emil deposited 196 shares. He subsequently purchased 304 Catellus on October 17, 2003, bringing his total position to 500 shares. An additional 44 shares were deposited on 12-18-2003 to his account due to corporate activity.

On July 9, 2003, Emil purchased 1000 Schering Plough Corp.

On June 11, 2003, Emil journalled into this account 50 shares PG & E Corp and 300 shares Pinnacle West Capital Corp.

On June 8, 2005, Emil purchased 1,000 shares Merck & Co and on June 15, 2005, Emil purchased an additional 1,000 shares Merck & Co. He currently owns 2,000 shares.

On August 26, 2005, 544 shares of Catellus Development Corp were tendered to Prologis. Received 324 shares Prologis on Sept 19, 2005 in addition to some cash.

On March 9, 2005, 3,287 shares of Sears Roebuck & Co were tendered to Sears Holding Corp. for all stock. Received 1,034 shares of Sears Holding Corp on March 30, 2005.

All quantities continue to be held in Emil's account as of the date of this letter.

Sincerely,

*Mark S. Christensen*

Mark S. Christensen  
Vice President, Investments



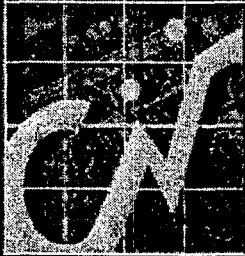
From: J [olmsted7p@earthlink.net]  
Sent: Wednesday, October 19, 2005 9:11 PM  
To: Smith, Katherine (Law)  
Subject: Rule 14a-8 Proposal

Dear Ms. Smith,

In regard to Mr. Rossi's proposal the textual questions I believe no longer apply after Staff Legal Bulletins 14, 14A and 14B. Please let me know if there are any questions.

Sincerely,

John Chevedden



## COUNCIL OF INSTITUTIONAL INVESTORS

- [Home](#)
- [About the Council](#)
- [Council News](#)
- [Council Policies](#)
- [Library](#)
- [Council Meetings](#)
- [Members Only](#)
- [Contact](#)
- [Site Map](#)
- [Employment](#)

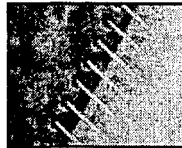
## WELCOME

Home > Council of Institutional Investors

Search Cii.org

Go

### LATEST NEWS



#### Council Executive Board Meeting Audiocast and Special Edition Alert

Council of Institutional Investors Executive Board Meeting Audiocast December 08, 2005

**FOR GENERAL MEMBERS ONLY**

#### Council's Discussion Paper on Executive Compensation Disclosure

The Council has drafted a discussion paper to provide information to members about how executive compensation currently is disclosed and to help members offer ideas to the Council on areas for improvement. [View Full Press Release and Discussion Paper](#)



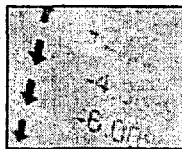
#### Council Conference Call

**FOR MEMBERS ONLY:** Using the discussion paper as a starting point, a panel of experts in the field of compensation disclosure participated in a Council conference call on November 16. [MORE](#)

#### Spectrum of Activism

This paper presents a spectrum of activism practices, from basic to more expanded and comprehensive actions shareowners can take to promote good corporate governance and accountability.

[View Spectrum of Activism Paper](#)



#### 2005 Focus List

The Council of Institutional Investors released Sept. 30, 2005, its 15th annual Focus List of underperforming companies.

[Press Release with Company Names and Responses](#)

**MEMBERS ONLY:** [View Company Profiles](#)



#### Fall 2005 Conference: Beverly Hills, California

**Reflections on Four Years of Reform:**

The Council held its fall 2005 meeting in Beverly Hills, California, from Sept. 28 to Sept. 29, 2005.

[Conference Overview](#)

The Council approved Sept. 30, 2005, director pay policies intended to attract and retain highly qualified board members, align directors' interests with those of long-term owners and provide complete disclosure to shareowners.

[Director Pay: Policies and Press Release](#)



#### Majority Votes for Directors

The Council is pressing for the establishment of majority voting for directors, sending letters asking the 1,500 largest U.S. companies to comply with the Council's policy and requesting changes to Delaware law and the Model Business Corporation Act. Choose from the items below for more on the Council's involvement with majority vote issues:

[Letter to David McBride on Majority Voting Requirements](#)

Council sends a letter volunteering to get involved in the Delaware State Bar Association review of the majority vote issue. September 1, 2005

[Voting by Shareholders for the Election of Directors](#)

Letter commenting on the discussion paper "Voting by Shareholders for the Election of Directors" issued June 22 by the Committee on Corporate Laws of the Section of

Business Law of the American Bar Association.

August 1, 2005

[Letter to Chair of the Corporation Law Section of the Delaware State Bar Association](#)

[Letter to Chair of the American Bar Association Business Law Section's Committee on Corporate Laws](#)

June 17, 2005

[Council Sends Letter to heads of 1,500 Companies](#)

[View Company Response Letters](#)

[Discussion Paper on Voting by Shareholders for the Election of Directors](#)

June 22, 2005

[Members Approve New Policy for Director Elections](#)

April 11, 2005

### Stock Option Expensing

Controversy over how analysts are treating stock option expenses prompted the Council write in August 2005 to Sharon Rowlands, president and CEO of Thomson Financial, asking First Call to transition to including option expense in consensus estimates by a date or publish two consensus estimates in the interim. The Council also sent letters to heads of the major research houses expressing support for policies including option expenses in estimates and valuation models. The letter seeks details on the firms' approach to expensing and valuation models including option expense and requests a copy of any applicable firm policies.

[Letter to CEO of Thomson Financial](#)

[Letter to Research Firms](#)

[MEMBERS ONLY: Research Firm Policies and Responses](#)

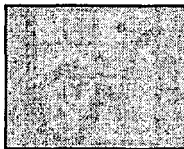


### Latest Correspondence

[Post-Enron Reforms](#)

The Council urged an SEC advisory committee to proceed cautiously with any considerations to "water down" for small companies any of the reforms passed post-Enron. The letter to the SEC's Advisory Committee on Smaller Public Companies responds to committee's request for comments on the costs and benefits to small companies of the Sarbanes-Oxley Act, particularly Section 404, and new listing standards.

August 26, 2005



### Learn More

#### Council's Discussion Paper on Executive Compensation Disclosure

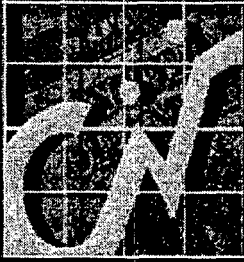
The Council has drafted a discussion paper to provide information to members about how executive compensation currently is disclosed and to help members offer ideas to the SEC on areas for improvement.

[Learn More](#)

[Home](#) ■ [Council News](#) ■ [Council Policies](#) ■ [Public Library](#) ■  
[About the Council](#) ■ [Council Meetings](#) ■ [Members Only](#) ■ [Employment](#) ■  
[Contact](#) ■ [Legal Disclaimer](#)

© 2005 Council of Institutional Investors

1730 Rhode Island Avenue NW, Suite 512 ■ Washington, DC 20036



# COUNCIL OF INSTITUTIONAL INVESTORS

- Home
- About the Council
- Council News
- Council Policies
- Library
- Council Meetings
- Members Only
- Contact
- Site Map
- Employment

## COUNCIL POLICIES

Home > Policies > Council Policies

Search Cii.org

Go

### Introduction

The Council believes every company should also have written disclosed governance procedures and policies, an ethics code that applies to all employees and directors, and provisions for its strict enforcement. The Council posts corporate governance policies on its web site; it hopes corporate boards will meet or exceed these standards and adopt similarly appropriate additional policies to best protect shareholders' interests.



Download the full Council  
Corporate Governance Policy (PDF)



Get Adobe PDF Reader

### Quick Reference Guide

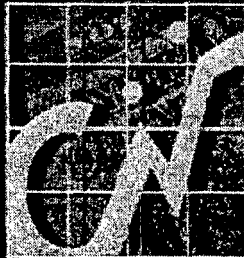
- Overview
- Executive Compensation
- Board of Directors
- Non-Employee Director Compensation
- Shareholder Voting Rights
- Independent Director Definition
- Shareholder Meetings

### New Policies for Comment FOR GENERAL MEMBERS ONLY

The Council would like your input on the following new draft policies and publications:

- Draft: Charitable and Political Contributions Policy





## COUNCIL OF INSTITUTIONAL INVESTORS

- Home
- About the Council
- Council News
- Council Policies
- Library
- Council Meetings
- Members Only
- Contact
- Site Map
- Employment

### COUNCIL POLICIES

Home > Policies > Corporate Governance Policies

Search Cii.org



#### Corporate Governance



Download the full Council Corporate Governance Policy (PDF)



Get Adobe PDF Re

#### Quick Reference Guide



Overview



Board of Directors



Shareholder Voting Rights



Shareholder Meetings



Executive Compensation



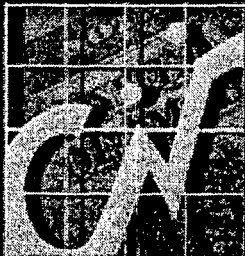
Non-Employee Director Compensation



Independent Director Definition

Home ■ Council News ■ Council Policies ■ Public Library ■  
About the Council ■ Council Meetings ■ Members Only ■ Employment ■  
Contact ■ Legal Disclaimer

© 2005 Council of Institutional Investors  
1730 Rhode Island Avenue NW, Suite 512 ■ Washington, DC 20036



## COUNCIL OF INSTITUTIONAL INVESTORS

- Home
- About the Council
- Council News
- Council Policies
- Library
- Council Meetings
- Members Only
- Contact
- Site Map
- Employment

### COUNCIL POLICIES

Home > Policies > Soft Dollars

Search Cii.org



#### Pension Fund Issues

#### Soft Dollars

#### Statement of Guiding Principles on Trading Practices, Commission Levels, Soft Dollars and Commission Recapture

The most important voice in discussions of soft dollars, commission levels and directed brokerage belongs to us, institutional investors. Commissions are an asset of the plan, and as plan sponsors and trustees it is our right and responsibility to decide how they are managed. We have the power to assert our authority in these matters through our contractual arrangements with money managers and brokers. We also have the broader duty to communicate interests and desires of the institutional investor community to regulators, to the public and to the industry regarding trading practices and commissions.

- Like any other expense of the plan, trading costs need to be managed to minimize the cost and ensure maximum value is received. But current brokerage industry practices of bundled pricing for services make it difficult to break out the exact costs of services (for trade execution, research or other things), may be antithetical to the fiduciary obligation of obtaining best execution, and hold too much potential for conflict of interest and abuses.
- We support and urge full unbundling of pricing for investment management, brokerage and research services, so that institutional investors can purchase and budget for these services as they do any other expense of the plan.
- Clarity and transparency of disclosure of all money management and brokerage arrangements is essential and it is up to plan sponsors to require it. Simple reliance on brokers, money managers and consultants' volunteered information is insufficient to discharge the obligations of plan fiduciaries. Plan sponsors should require regular reports and affirmative representations that fiduciaries are pursuing best execution in the trading practices.
- To the extent that any money manager or plan sponsor is engaged in using soft dollars or directing brokerage to obtain commission recapture, it is the duty of fiduciaries to ensure that all such practices are engaged in for the exclusive benefit of the plan and its members.

Home ■ Council News ■ Council Policies ■ Public Library ■  
About the Council ■ Council Meetings ■ Members Only ■ Employment ■  
Contact ■ Legal Disclaimer

© 2005 Council of Institutional Investors  
1730 Rhode Island Avenue NW, Suite 512 ■ Washington, DC 20036

## CFLETTERS

---

**From:** J [olmsted7p@earthlink.net]  
**Sent:** Sunday, January 08, 2006 1:52 PM  
**To:** CFLETTERS  
**Cc:** Katherine Smith  
**Subject:** Re Allstate Corporation (ALL) No-Action Request Emil Rossi

Re Allstate Corporation (ALL) No-Action Request Emil Rossi

JOHN CHEVEDDEN

2215 Nelson Avenue, No. 205

Redondo Beach, CA 90278

310-371-7872

January 8, 2006

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Allstate Corporation (ALL)  
Shareholder Position on Company No-Action Request Rule 14a-8 Proposal: Simple  
Majority Vote  
Shareholder: Emil Rossi

Ladies and Gentlemen:

This is an initial response to the Allstate January 5, 2006 no action request.

Allstate incorrectly claims that the rule 14a-8 proposal text:  
"The Council of Institutional Investors [www.cii.org](http://www.cii.org) formally recommends adoption  
of this proposal topic" states that "CII has taken a position with respect to  
Allstate as opposed to its general provision favoring simple majority voting."

To the contrary the rule 14a-8 proposal text simply states that CII recommends



"adoption of this proposal topic" as a general principle.

The following Staff Legal Bulletins seem to address the company concern about including a website reference and furthermore a website reference to a respected source of corporate governance guidance.

From Division of Corporation Finance:  
Staff Legal Bulletin No. 14

"b. Does referencing a website address in the proposal or supporting statement violate the 500-word limitation of rule 14a-8(d)?

"No. Because we count a website address as one word for purposes of the 500-word limitation, we do not believe that a website address raises the concern that rule 14a-8(d) is intended to address. However, a website address could be subject to exclusion if it refers readers to information that may be materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules. In this regard, please refer to question and answer F.1."

Š

"1. May a reference to a website address in the proposal or supporting statement be subject to exclusion under the rule?

"Yes. In some circumstances, we may concur in a company's view that it may exclude a website address under rule 14a-8(i)(3) because information contained on the website may be materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules. Companies seeking to exclude a website address under rule 14a-8(i)(3) should specifically indicate why they believe information contained on the particular website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules."

From Staff Legal Bulletin No. 14B (CF)

#### "4. Clarification of our views regarding the application of rule 14a-8(i)(3)

"Accordingly, we are clarifying our views with regard to the application of rule 14a-8(i)(3). Specifically, because the shareholder proponent, and not the company, is responsible for the content of a proposal and its supporting statement, we do not believe that exclusion or modification under rule 14a-8(i)(3) is appropriate for much of the language in supporting statements to which companies have objected. Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- \* the company objects to factual assertions because they are not supported;
- \* the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- \* the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- \* the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

§

"In this regard, rule 14a-8(i)(3) permits the company to exclude a proposal or a statement that is contrary to any of the proxy rules, including rule 14a-9, which prohibits materially false or misleading statements. Further, rule 14a-8(g) makes clear that the company bears the burden of demonstrating that a proposal or statement may be excluded. As such, the staff will concur in the company's reliance on rule 14a-8(i)(3) to exclude or modify a proposal or statement only where that company has demonstrated objectively that the proposal or statement

is materially false or misleading."

FirstEnergy (March 10, 2003) and FirstEnergy (March 17, 2003) each did not concur with the FirstEnergy request to exclude [www.cii.org](http://www.cii.org) and this website was published in the FirstEnergy 2003 definitive proxy in support of two separate rule 14a-8 shareholder proposals.

For the above reasons it is respectfully requested that concurrence not be granted to the company. It is also respectfully requested that the shareholder have the last opportunity to submit material in support of including this proposal and its text since the company had the first opportunity.

Sincerely,

John Chevedden

cc:

Emil Rossi

Katherine Smith <[ksmith1@allstate.com](mailto:ksmith1@allstate.com)>

## **DIVISION OF CORPORATION FINANCE INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

March 3, 2006

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: The Allstate Corporation  
Incoming letter dated January 5, 2006

The proposal recommends that the board take each step necessary for a simple majority vote to apply on each issue that can be subject to shareholder vote to the greatest extent possible.

We are unable to concur in your view that Allstate may exclude the proposal under rule 14a-8(i)(3). Accordingly, we do not believe that Allstate may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(3).

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Beth Breslin", with a stylized flourish at the end.

Mary Beth Breslin  
Special Counsel